

# EMPLOYER ASSISTED HOME PURCHASE PROGRAM



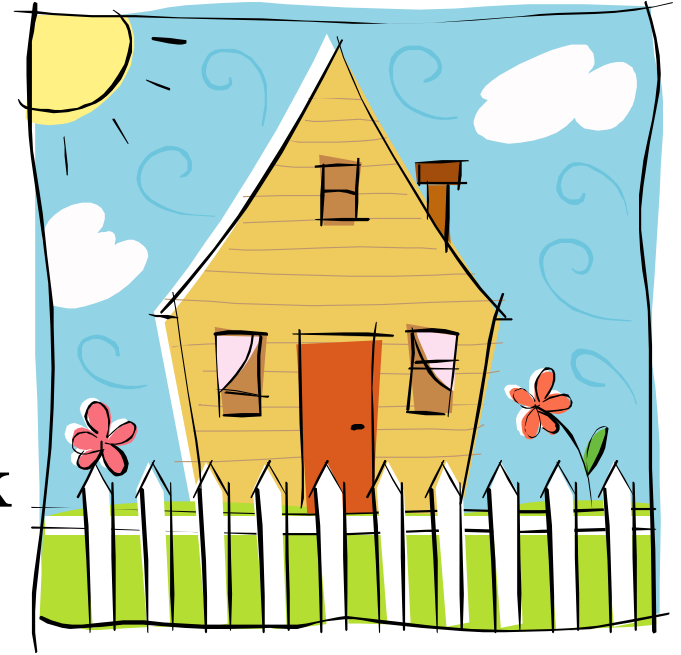
# HOW DOES THE PROGRAM WORK?

- Program Eligibility established for applicant and home 1
  
- Forgivable Home Purchase Loan 2
  - Subordinate lien position
  - Tiered incentives to match City priorities
  - 5 year loan tied to occupancy and length of service
  
- Client tracking for retention 3



# PURPOSE

- Attract & retain employees
- Make it easier to get to work
- Stabilize neighborhoods
- Increase tax base
- Serve as a model for other employers







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# WHAT IS A FORGIVABLE LOAN?



- Loan is not repaid if loan terms followed
- 1/5 of loan forgiven each year employee remains employed by City and remains occupant of house
- Forgiven amount reported on W-2 as additional income
- Unpaid loan balance must be repaid if employee defaults on program terms during first five years

*Example: \$2k loan -> \$400 forgiven each year*



# ELIGIBILITY:

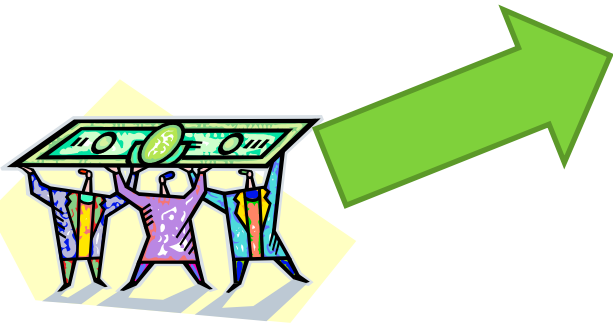
## WHAT DOES THE CITY REQUIRE?

- At least 20 hours per week.
- No disciplinary action (reprimand or more severe) for 6 months prior to participation.
- Must be able to secure 1<sup>st</sup> mortgage financing to purchase a house within program terms.
- House must be purchased within Savannah City limits.
- Employee must own and occupy the house as principal place of residence for five years after purchasing it.



# LEVERAGING

- Employer assisted financing can be used as leverage for overlapping homebuyer programs that lower-income employees may qualify for:
  - HOME
  - NSP
  - DCA





# RESULTS

- **72 loans since program start in 2006**
  - ~One per month
- **93% retention** of employees enrolled in the program
  - Vs. ~70% for City at large over the same period



1



2



# LET'S EXPAND?

- City is able to expand program to partner with local employers
- Support for:
  - Program design
  - Implementation
  - Reporting
- City has:
  - Loan servicers
  - Construction specialists
  - Financial management
  - Support staff



# NATIONAL EAHP MODELS

- Mercy Hospital – Chicago, IL
- CVS/Caremark – Washington D.C.
- Schwan Food Company – Marshall, MN
- Northrop Grumman – Pascagoula, MS
- Harley-Davidson – Milwaukee, WI
- Citizens Financial Group – Providence, RI

## Closer to Home:

- AFLAC – Columbus, GA
- Mercer University – Macon, GA





# MOTIVATION FOR EAHP

- Enhanced Retention & Recruitment
- Cheap & Easy
- Funds Retained if Employee is not
- Company Culture/Quality of Life
- Investment in Community



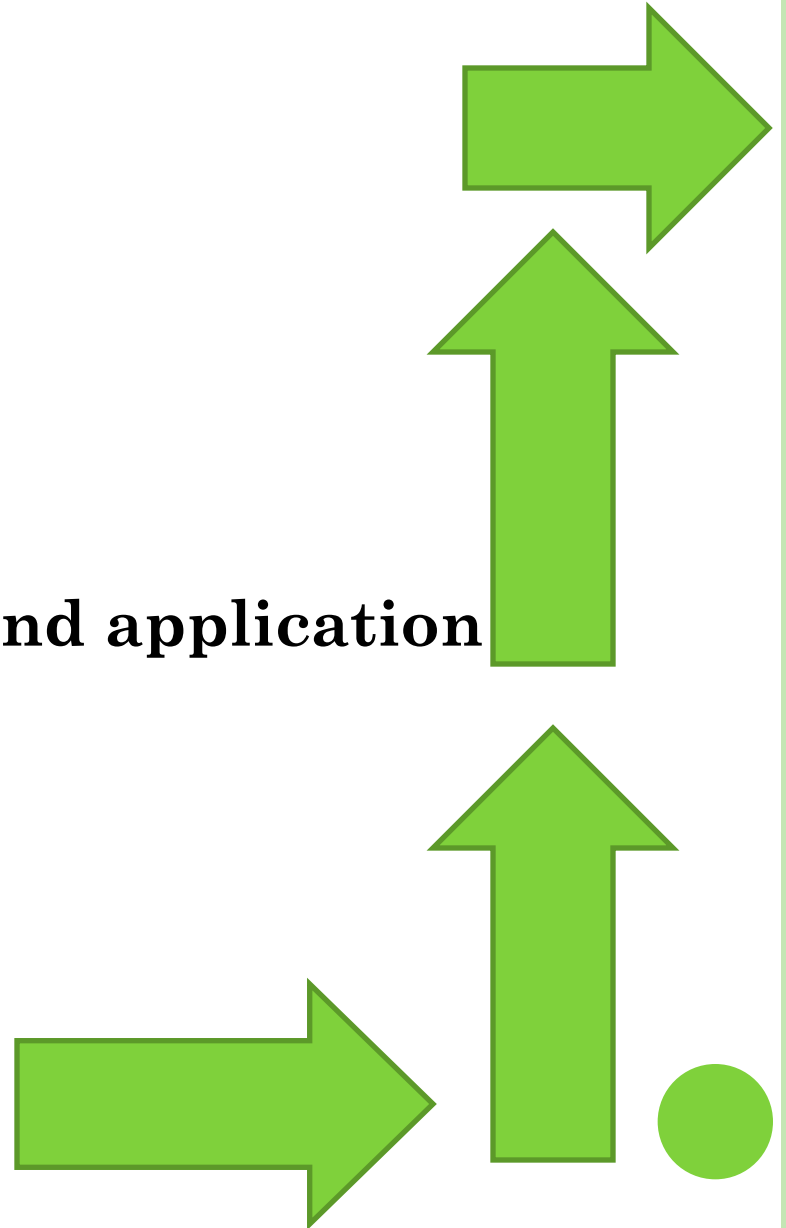
# FLEXIBLE TERMS TAILORED TO EMPLOYER

- Benefit amount and type
- Eligible locations for purchase (within Savannah)
- Employee eligibility and length of service requirements
- Marketing and implementation level



# PROCESS

- **Program Review & Design**
  - Eligibility
  - Benefit amount
  - Marketing approach
  - Organizational roles
- **Production of marketing and application materials**
  - Mediums
  - Lead and support roles
- **Program launch**
- **Quarterly Reporting**
- **Annual Program Review**





# SO WHAT?

- Avg. Home value in Savannah ~\$115k
- FHA Mortgages require 3% down payment
  - ~\$3,450
- \$2k loan would cover 58% of required down payment



# QUESTION AND ANSWERS



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